

Good morning. Thank you all for coming

In the Energy Policy Act of 2005, Congress directed the Department of Energy to study and report periodically on electric transmission congestion. A Congestion Study is intended to direct national attention to areas where existing transmission facilities are being used up to their safe limits, which can result in higher electricity prices for consumers, restricted economic growth, restricted access to clean power sources, or threats to local or regional grid reliability.

The DOE is now making plans for the preparation of the *2009 National Electric Transmission Congestion Study* (Congestion Study). The Department intends to publish this document in August 2009, as required by the EAct 2005.

In fulfilling the requirements of the Act, the Department has not taken the position that additional transmission is the only option available or even an appropriate option for addressing transmission congestion problems. Further, the Congestion Study is not necessarily a precursor to the designation of additional National Interest Electric Transmission Corridors. The law requires DOE to prepare national congestion studies on a set schedule and issue a report; although it authorizes DOE to designate National Corridors, it does not require such designations. Whether the next

Administration will decide to designate additional National Corridors is, of course, unknown. Our objective is to prepare and deliver a Congestion Study that will be a useful document on transmission congestion. It will serve to inform the next Administration and will also serve as a reference for electricity planners and other stakeholders.

In broader terms, the Department has growing concerns with the challenges this Nation will face over the next 15-20 years in regards to adequate generation and transmission capacity. Given the uncertainties that inhibit many kinds of electric infrastructure investment today, the Department will continue to focus on whether enough electricity will be produced and delivered to meet consumer needs, and whether it will be reliable and affordable. I have directed staff in the Office of Electricity to work with other offices in the Department, FERC, and others organizations and groups to assess key issues affecting the adequacy of electricity supply over the near and medium term. In addition, I intend to ask DOE's newly-formed Electricity Advisory Committee to discuss the electricity adequacy issue at its inaugural meeting later this month.

The 2009 Congestion Study will be focused on the identification of existing electric transmission-level congestion. To gather this

information, we will review and report on publicly available data for 2006, 2007, and for 2008 as it becomes available in time for analysis.

As in our 2006 Congestion Study, we have asked the Western Electricity Coordinating Council (WECC) to review recent sub-regional studies and to analyze recent historical congestion-related data for the Western Interconnect. Concerning the Eastern Interconnect, at our request Lawrence Berkeley National Laboratory (LBNL) has recently posted a Request For Proposals from firms LBNL may engage to perform similar analysis of historical transmission data. We expect that LBNL's selection process will be completed by the end of June. The selected firm will be required to provide an initial report by the end of this calendar year.

We will also be asking States, utilities, RTOs, ISOs, and other stakeholders to tell us what has transpired in their respective areas since 2005 that affects the location, duration, frequency, and magnitude of transmission congestion. For example, this could involve changes in the location or pace of demand growth, the initiation or scope of energy efficiency and demand management programs, the location and magnitude of generation retirements

and additions, and the development of new transmission capacity or other grid-related facilities.

Between now and mid-September, we will conduct six regional workshops to receive and discuss input from interested persons on our proposed scope for the Congestion Study, including comments on what publicly-available data should be considered to identify and understand the significance and character of transmission congestion. Each workshop will involve panels of invited speakers who will present their views, followed by a discussion among the panelists, DOE staff, and other workshop participants. Special attention will be given to the question of how to gauge the magnitude or significance of congestion using publicly available data. With respect to the Western Interconnect, we are particularly interested in comments that speak to the appropriate and most effective methods for distinguishing between the effects of technical limits on line loadings and possible contractual limits on those same lines.

We recognize that there may be more persons or organizations wishing to make presentations than there will be panel slots. We therefore urge all interested stakeholders – panelists and others – to submit written materials, all of which will receive careful review.

The dates and locations of the workshops are:

- San Francisco, CA                      June 11, 2008
- Oklahoma City, OK                      June 18, 2008
- Hartford, CT                              July 9, 2008
- Atlanta, GA                                July 24, 2008
- Las Vegas, NV                             August 6, 2008
- Chicago, IL                                September 17, 2008

Although we expect the 2009 Congestion Study will focus chiefly on analysis of current electric transmission congestion, the Department will continue to work in other ways with States, regional planning entities, NERC and others to understand the needs of the grid as we move into the future. The Department has repeatedly stated that it believes addressing transmission congestion remains primarily the province of State policy officials and regional planners. The Department has been providing, and will continue to provide, financial and technical assistance to States and regional planning entities to improve the effectiveness of the entire range of electricity options available – energy efficiency, demand response, electricity storage, and development of a smarter grid.

As we proceed with our plan for the 2009 Congestion Study, we look forward to consultations with the States. We recognize that in addition to participating in the regional workshops, some States

will want to discuss congestion matters with us on a bilateral basis. We will reserve time at the sites of the regional workshops for such bilateral discussions, and we invite interested States to contact us to identify mutually convenient times. In addition, we will maintain an “open door” policy, and will be happy to schedule meetings upon request with States, reliability organizations, RTOs, ISOs, utilities, and other stakeholders.

I would be pleased to answer any questions you may have.